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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:)	No. D 98-62
)	Consent Order Levying a Fine
)	
CIGNA FIRE UNDERWRITERS)	
INSURANCE COMPANY ("CIGNA"))	
)	
An Authorized Insurer)	

FINDINGS OF FACT

1. The Office of the Insurance Commissioner (OIC) conducted a financial examination of Mutual Service Corporation, a general agent for CIGNA.
2. The examination reviewed CIGNA's agent appointment practices and found that CIGNA had accepted policy applications from a substantial number of agents who had not been properly appointed.
3. In some instances, CIGNA represented that it was doing business with corporate licensees when in fact it was doing business with individual licensees.
4. CIGNA failed to keep proper records of the agents with whom it did business.
5. CIGNA has taken steps to remedy the problems uncovered in the financial examination. The company has created internal systems to monitor agent activity and ensure compliance with Washington law.
6. CIGNA did not intentionally commit these violations.
7. No policyholder suffered pecuniary loss as a result of these violations.

CONCLUSIONS OF LAW:

1. CIGNA's agent appointment practices described above violate RCW 48.17.160 and WAC 284-17-420.
2. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of the suspension or revocation of a company's certificate of authority.

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CONSENT TO ORDER:

CIGNA Fire Underwriters Insurance Company hereby admits to the foregoing Findings of Fact and Conclusions of Law.

In light of the remedial action the company has taken, and the good faith it has demonstrated, the Commissioner has offered a settlement in lieu of suspending or revoking the company's certificate of authority.

CIGNA hereby consents to pay \$95,000 as a penalty for its violations of RCW 48.17.160 and WAC 284-17-420.

This fine will be paid in full within thirty days of the entry of this order. Pursuant to RCW 48.05.185, failure to pay the fine within the allotted time shall constitute grounds for revocation of the insurer's certificate of authority, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

CIGNA acknowledges its duty to comply fully with the applicable laws of the State of Washington.

EXECUTED this 8th day of September, 1998.

By: Richard C. Franklin
Richard C. Franklin
President

ORDER

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of ninety-five thousand dollars upon CIGNA Fire Underwriters Insurance Company. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine within the allotted time shall constitute grounds for the revocation of the insurer's certificate of authority, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT OLYMPIA, WASHINGTON, this 5th day of October 1998.

Jeffrey Coopersmith
Jeffrey Coopersmith
Deputy Commissioner for Legal
Affairs